

BOARD OF COMMUNITY HEALTH

November 10, 2005

The Board of Community Health held its regularly scheduled meeting in the Floyd Room, 20th Floor, West Tower, Twin Towers Building, 200 Piedmont Avenue, Atlanta, Georgia. Board members attending were Jeff Anderson, Chairman; Richard Holmes, Vice Chairman; Chris Stroud, M.D., Secretary; Inman English, M.D.; Mary Covington; Ross Mason; Kim Gay, and Mark Oshnock. Commissioner Tim Burgess was also present. (A List of Attendees and Agenda are attached hereto and made official parts of these Minutes as Attachments # 1 and # 2).

Mr. Anderson called the meeting to order at 12:05 p.m. The Minutes of the October 13 meeting were UNANIMOUSLY APPROVED AND ADOPTED.

Mr. Anderson began his opening comments by giving the Board an update on the Medicaid Waiver meetings that will be held November 17 and 18. He said he participated in a long-term care academy sponsored by the Georgia Healthcare Association. Mr. Anderson recognized and welcomed Senator Greg Goggans. He announced that the new DCH Commissioner, Dr. Rhonda Medows, would attend the December board meeting. Mr. Anderson, on behalf of the board, recognized Commissioner Tim Burgess for his 27 years of service to the State of Georgia.

Mr. Anderson called on Commissioner Burgess to make his report. Commissioner Burgess thanked Mr. Anderson and the board for the comments and the fortitude and strength they have shown in guiding the decisions of the Department. Commissioner Burgess began his update on with the Indigent Care Trust Fund (ICTF). The Department appointed a new advisory committee to help redefine ICTF rules. The 21-member committee has met twice and will meet again on November 21 and is making good progress in coming to a resolution and proposal on the new rules to be established for the distribution of the ICTF.

Commissioner Burgess said although the Committees did not meet today, the Department is very close to making an announcement about the FY 05 audit and are optimistic that the Department will be reporting to the Board some very good news about the FY 05 audit.

Commissioner Burgess said Kathy Driggers would give the board a full update on the managed care initiative. He said one significant milestone is that the Department is on schedule to begin enrolling members in the Atlanta and Central regions into managed care beginning December 1. The present schedule is the enrollment broker will start mailing out packets December 1 in those two regions. He said staff members are working very hard to resolve the last systems issues that have to be coordinated between DCH, ACS and the enrollment broker.

Finally Commissioner Burgess said last Session the Legislature passed a bill that gave the Department of Community Health responsibility and created an opportunity for the State to have a program that allows volunteer physicians to provide care and assistance to individuals that meet certain threshold levels free from the liability associated with providing care. He said in essence, these volunteer physicians would enjoy the protection that state employees have from liability in return for their willingness to provide care to needy citizens across the State. He introduced Pauline Lindstrom who was recently hired to manage this new program. He said Ms. Lindstrom has spent over ten years in the State of Florida building and managing a very similar program.

Mr. Anderson called on Neal Childers, General Counsel, to discuss adoption of the resolution on SHBP Employer and Employee Rates for the Calendar Year 2006 plan year. Mr. Childers pointed out to the board that after reviewing the rate schedule they will note that for almost every rate to be approved there is no change from the FY 2006 rates that were approved last spring for the July 1-December 31 plan year. The exceptions are the high deductible health plan that was not available in prior years; therefore it is a new plan that the board will be approving. Also, there also some changes for retirees with respect to those who choose to enroll in Medicare Part D. Mr. Childers said the employer contribution would stay the same and is actually fixed by the Legislature and Appropriations Act. Mr. Mason MADE a MOTION TO ADOPT a Resolution for the State Health Benefit Plan Employee and Employer Rates for CY 2006 and Premium Rate Schedule. Ms. Gay SECONDED the MOTION. Mr. Anderson called for votes; votes were taken. The MOTION was UNANIMOUSLY ADOPTED (A copy of the Resolution and Premium Rate Schedule for

BOARD OF COMMUNITY HEALTH

Page 2

November 10, 2005

the State Health Benefit Plan Employee and Employer Rates for CY 2006 are attached hereto and made official parts of these Minutes as Attachments # 3 and # 4).

Mr. Childers began discussion on two rules for the Certificate of Need program that are proposed for final adoption. The purpose of Rule 111-2-2-.36 Specific Review Considerations for Long Term Care Hospitals is to ensure that all entities affected by Certificate of Need laws and regulations are aware that the establishment or expansion of a long term care hospital requires prior Certificate of Need review and approval as a new institutional health service. Mr. Childers said the rule was posted for public comment; the Department received no comments and no one appeared at the public hearing to offer comments. Ms. Covington MADE a MOTION to APPROVE Rule 111-2-2-.36 Specific Review Considerations for Long Term Care Hospitals. Mr. Holmes SECONDED the MOTION. Mr. Anderson called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of Rule 111-2-2-.36 Specific Review Considerations for Long Term Care Hospitals is attached hereto and made an official part of these Minutes as Attachment # 5).

Mr. Childers said Rule 111-2-2-.43 Specific Review Considerations for Stereotactic Radiosurgical Services pertains to the review considerations to be applied for stereotactic radiosurgery. He said the proposed rule provides that only the statutory considerations and no additional regulations would be applied to review these devices at this time. The Department received one written comment and two verbal comments at the public hearing. Mr. Childers said summarily those who commented expressed the belief that these devices should be considered under the existing radiation therapy regulations. The Department proposed that these be treated as two separate categories for two reasons. The radiosurgery regulations have a very elaborate need methodology that is built around the capacity of traditional linear accelerators, and using those criteria would result in the denial of most applications for these devices because their volume is so much lower that they would never be able to demonstrate need. That would have the negative effect that is counseled against by the statute of restricting the availability of new and better technology to the public. The second reason to use the general consideration is that it creates the maximum opportunity for competition with the least level of regulation that can be provided. Mr. Childers concluded the review after addressing questions from the Board. Dr. Parker MADE a MOTION TO APPROVE Rule 111-2-2-.43 Specific Review Considerations for Stereotactic Radiosurgical Service. Mr. Mason SECONDED the MOTION. Mr. Anderson called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of Rule 111-2-2-.43 Specific Review Considerations for Stereotactic Radiosurgical Service is attached hereto and made an official part of these Minutes as Attachment # 6).

Mr. Anderson called on Mark Trail to begin discussion on the outlier payment issue. Commissioner Burgess said the Department has been reviewing this issue for some time. He said he didn't think the issue was ready to be presented to the board for a policy change. The intent today is to bring this issue to the board's attention and seek guidance so that in the future the staff can present a firm recommendation for the board's consideration. Mr. Trail gave a brief definition of an outlier payment. What the Department has discovered is that the outlier payment process needs to be reviewed, particularly pricing procedures. What lead the Department to this understanding is when DCH reviewed the types of charges between hospitals, DCH found some that were arguably inflated. Mr. Trail said the Department needs to sort through its policies to determine where charges are inflated and if the Department is paying the appropriate amount. He said Carrie Summers, CFO, will offer some suggestions from policy staff and the financial staff.

Ms. Summers said, as Mr. Trail indicated, the issue is what is considered a reasonable charge for purposes of these types of claims that have been flagged as potential outliers. The future action plan that the Department may bring to the board as a proposal relates to what direction the Department needs to give Georgia Medical Care Foundation (GMCF) in identifying or determining what is a reasonable charge. Internally, staff has discussed that a good action plan may be to select some charges and convene a committee composed of GMCF and DCH staff and hospital representatives nominated by the Hospital

BOARD OF COMMUNITY HEALTH

Page 3

November 10, 2005

Advisory Committee to give suggestions on what is reasonable and equitably apply and document policies for outlier payments. She said the Department hopes to have this action plan in place by January 2006 for claims with dates of service after January 1. Commissioner Burgess added that the Program Integrity unit had been reinvigorated to help define and identify areas that need to be changed in other areas of operation. Ms. Summers said staff would proceed and report back to the board with recommendations by charge types and other requested information. She and Mr. Trail concluded their discussion after addressing comments and questions from the Board.

Mr. Anderson called on United Healthcare Georgia's President and CEO Dan Ohman, Chief Medical Officer Dr. Catherine Palmier, Director of Network Operations Joe Harvey and Account Vice President Kim McCurdy (UHC), to give a presentation on the SHBP Network implementation. Dr. Palmier described UHC's mission and gave an overview of its total membership (excluding the SHBP PPO membership), the number of physicians and hospitals contracted throughout the State, and Georgia membership by market and submarket share. Dr. Palmier described UHC's focus on statewide network development particularly for the SHBP. Dr. Palmier said all targeted non-participating Georgia hospitals have been contacted, and top priority has been given to those markets and hospitals that will have the greatest disruption. She stated that UHC is actively working with nine targeted hospitals for expansion to ensure access for the SHBP members. She said DCH provided UHC with a list of highly utilized physicians to evaluate physician disruption. Dr. Palmier said UHC will continue to pursue recruitment of non-participating providers identified in the disruption analysis. UHC will continue to aggressively pursue physician and facility contracts in Albany, Southwest Georgia (including Milledgeville and Americus) and Dalton. UHC will begin utilizing its 2005 Medicare fee schedule with providers in Albany and Dalton in addition to moving providers across the state into the new fee schedule. Dr. Palmier listed concerns from providers—prompt payment, all products/affiliates clauses, lab reimbursement and fee schedule. She said UHC is actively sharing facts with providers regarding UHC's strong payment philosophy and reports that UHC has a 98.6% prompt payment rate; resolve confusion over the all products and affiliates clauses; reinforce that the lab work performed by the provider in their office will be reimbursed; and starting with Albany and Dalton, introduce a 2005 CMS fee schedule.

Ms. McCurdy said UHC has provided to the SHBP a variety of organizations that are under the United Health Group, UHC's parent group, which allows UHC to provide an integrated solution that will replace all various vendors currently administering the SHBP for the PPO and Indemnity options (excluding the pharmacy benefit). Ms. McCurdy said she believes there were four reasons why UHC was awarded the DCH contract: administrative affordability, efficiency and integration; coordinated member clinical, behavioral health and wellness programs; innovative and comprehensive customer, member and physician technology; and cost effective network contracts.

Dr. Palmier, Mr. Ohman, Mr. Harvey and Ms. McCurdy concluded their presentation after addressing questions and concerns from the Board concerning the number of physicians added to the network, geographical challenges, receiving care from out-of-network hospitals, emergency care services, out-of-network obstetrical care, and all products and affiliates clauses.

Mr. Anderson opened the meeting for public comment. Comments were given by Deborah Winegard, Medical Association of Georgia; Peggy Nielson, State Board of Education; Jimmy Lewis, HomeTown Health; Dr. Brad Goldberg, OB/GYN, Coffee County; John Crew, South Georgia Physicians Association; Joslyn Whitfield, Georgia Association of Educators; Danny Orrock, Georgia Watch; and Stan Jones, Nelson Mullins Riley and Scarborough.

Due to Mr. Anderson's early departure, Mr. Holmes thanked United HealthCare for their presentation and all those who made public comment. He said the Department will continue to work with UHC and try to address all the issues that were raised and will give a report of the resolutions made and the Department's work with UHC.

There being no further business to be brought before the Board at the meeting Mr. Holmes adjourned the meeting at 2:40 p.m.

THESE MINUTES ARE HEREBY APPROVED AND ADOPTED THIS THE
_____ DAY OF _____, 2005.

RICHARD L. HOLMES
Vice Chairman

ATTEST TO:

CHRISTOPHER BYRON STROUD, M.D.
Secretary

Official Attachments:

- #1 List of attendees
- #2 Agenda
- #3 SHBP Employee and Employer Rates for CY 2006 Resolution
- #4 SHBP Premium Rate Schedule
- #5 Rule 111-2-2-.36 Specific Review Considerations for Long Term
Care Hospitals
- #6 Rule 111-2-2-.43 Specific Review Considerations for Stereotactic
Radiosurgical Service

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